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**DECISION**



**THE COMPTROLLER GENERAL  
OF THE UNITED STATES**  
WASHINGTON, D.C. 20548

**FILE:** B-191963

**DATE:** August 24, 1973

**MATTER OF:** Moore Business Forms, Inc.

**DIGEST:**

Agency's reluctance to publish definitive specification necessary for assuring uniformity if multiple awards for printing savings bonds are to be made has reasonable basis in view of concern that to do so would provide "roadmap" for counterfeiters. Accordingly, GAO would not object to award of single contract to sole bidder capable of meeting agency's total needs, but recommends agency explore feasibility of procuring future needs of bond stocks through use of more competitive specifications.

Moore Business Forms, Inc. (Moore) protests the allegedly unduly restrictive terms of Invitation for Bid (IFB) BPD 79-1, issued by the Department of the Treasury, Bureau of the Public Debt, which specify that only one award will be made for all IFB requirements.

The IFB is for the printing and manufacture of savings bonds and other "card bond securities" for fiscal year 1979. The securities are not manufactured by Treasury itself because the Bureau of Engraving and Printing does not possess the necessary equipment to do so, and this equipment could only be acquired at "considerable capital outlay." This printing has been done by the International Business Machines Corporation (IBM) since the Treasury switched to "card bond securities," and Moore alleges that IBM is the only firm presently equipped to print all of the various assemblies required by the IFB. Moore

states that it can print all assemblies save one--single cut cards (which comprize only about 11 percent of the total requirement) and that other manufacturers have the capability of printing other combinations of assemblies. Moore claims that the Treasury's insistence on the single award concept results in an assured "sole source" award to IBM, depriving the Government of the benefits of competition.

The Bureau avers that the single award limitation was dictated by its need to thwart any attempts to counterfeit the securities and to maintain the public's confidence in their "ready redeemability." The Bureau claims that this goal can best be achieved by award to one manufacturer because the manufacture at one source "provides more assurance of control of uniformity of appearance and quality" since "type faces and tinting" could vary between manufacturers, making the detection of counterfeit bonds more difficult. The Bureau notes that it has over 39,000 paying agents (banks and other institutions) and that variations in appearance of these securities "could also cause paying agents to question the authenticity of genuine bonds presented for redemption, thus demeaning their ready redeemability in the eyes of the owners."

The origin of these concerns is the United States Secret Service which is responsible for the detection of counterfeiting. 18 U.S.C. 3036 (1976). The Secret Service claims that one of its "major concerns is the possibility of variation in the appearance of the final product" and that the "likelihood \* \* \* is increased when the number of manufacturing sites is increased." The Secret Service also claims that "physical security at the manufacturing site can only be increased when more than one site is involved," and recommends that the number of manufacturing sites be "minimized."

Moore bases its protest principally on what it perceives as the Bureau's failure to understand the present state of the "printing art," claiming that "any responsible printer can reproduce the printing of any other printer," i.e., the concerns expressed over variations in appearance when the products are produced by different manufacturers are not well founded.

In order to verify Moore's contentions in this respect, we informally contacted the United States Government Printing Office (GPO). GPO staff members with whom we spoke generally affirmed Moore's position, stating that given the appropriate specifications, variations in appearance of a printed product between manufacturers would be no greater than those which were printed on different equipment in the same printing plant or between different press runs on the same equipment. GPO stated this is a result of the fact that printing, insofar as color is concerned, is not sufficiently exact to assure that all items printed would be precisely identical even if the same ink formulations and equipment are used because the subjective judgments of the press operator as to tint and color are necessarily involved. GPO pointed out, however, that in most cases these variations would be undetectable.

GPO's conclusions assume a well defined specification and good quality control by the printer. By "well defined" we mean a precise specification of ink formulations, paper, type faces, etc.--items which are conspicuously absent from the Bureau's IFB. Hence the result required by the Secret Service--uniformity of appearance--could be achieved in a competitive environment with multiple awards, by the use of adequate specifications, thoughtfully conceived preaward responsibility determination methods and careful contract administration. Therefore, absent any additional considerations, Moore's contentions with respect to the "uniformity" issue appear well founded.

However, the Secret Service is opposed to the use of a definitive specification because it claims "to do so is to provide a 'roadmap' for the production of counterfeit bonds." In addition, the Bureau asserts that the Secret Service "has urged continuance of our present practice of utilizing unique, non-standard inks." The Bureau also asserts that if award were made to more than one bidder, "there would be an absolute need to require bid samples to judge whether potential contractors possessed the requisite ability to manufacture bonds to the required specification." This requirement, according to the Bureau, would mandate the need for furnishing specimen bonds to interested bidders to assist them in the preparation of the samples, a practice which the Secret Service

deems unacceptable since it believes the production of these samples would be contrary to "those provisions of the Federal criminal code which they administer." For these reasons and the additional security considerations discussed below, the Bureau claims it is now exploring the feasibility of procuring the bonds on a sole source negotiated basis with IBM.

In regard to the security question, the Bureau does not dispute Moore's ability to provide "manufacturing safeguards." Those safeguards, it notes, extend not only to the protection of the bonds in the process of production, but also to "various materials and information supplied by the Treasury \* \* \* on a confidential basis to perform the work." The Bureau's only claim in this respect is that the necessary security can be "maximized" by restriction of production to one location.

We have consistently held that the establishment of specifications reflecting the actual needs of the Government is primarily the responsibility of the administrative agency. American Electric Construction Co., Inc., B-189532, November 8, 1977, 77-2 CPD 350. It has also been held that the advertising statutes require that every effort be made to draw specifications in such terms as will permit the broadest field of competition consistent with the Government's actual needs. It is well established that the Government does not violate either the letter or spirit of the competitive bidding statutes merely because only one firm can supply its needs, provided the specifications are reasonable and necessary for the purpose intended. 45 Comp. Gen. 365 (1965). We have therefore recognized that Government procurement officials, who are familiar with the conditions under which supplies, equipment or services have been used in the past, and how they are to be used in the future, are generally in the best position to know the Government's actual needs, and therefore, are best able to draft appropriate specifications. Manufacturing Data Systems Incorporated, B-180586, B-180608, January 6, 1975, 75-1 CPD 6; Maremont Corporation, 55 Comp. Gen. 1362 (1976), 76-2 CPD 181. Consequently, we will not question an agency's determination of what its actual minimum needs are unless there is a clear showing that the determination has no reasonable basis. Maremont Corporation, *supra*; Jarrell-Ash Division of the Fisher Scientific Company, B-185582,

January 12, 1977, 77-1 CPD 19; Drexel Dynamics Corporation, B-188277, June 2, 1977, 77-1 CPD 385.

Thus, while we believe that there is an adequate basis to question the Bureau's claim that award to one manufacturer "provides more assurance of control of uniformity of appearance and quality," we also think this record provides a reasonable justification for the Bureau's reluctance to draft the precise specification necessary to meet its actual needs through multiple awards resulting from formal advertising procedures. Therefore, considering the foregoing, together with the security needs intrinsic in the production of United States debt securities and the requirement to award the contract to assure a continuation of supplies of these securities to meet the forthcoming fiscal year's needs, we would not object to the award of a contract to IBM, the only bidder reported to have responded to the IFB.

However, given the statutory preference for competition, we are by letter today recommending to the Secretary of the Treasury that the Bureau of Public Debt explore the feasibility of procuring its bond stocks for fiscal year 1980 and beyond through the use of competitive procedures which need not require the disclosure of confidential data in a manner inconsistent with the best interest of the Government.

The protest is denied.

  
Deputy Comptroller General  
of the United States